

~~CONFIDENTIAL~~

~~DRAFT~~

MEMORANDUM FOR: Mr. Ryan

FROM : [REDACTED] 25X1A

SUBJECT : Draft Bureau of the Budget Report on Economic Reporting by the Foreign Service

1. The points in your draft report seem to be well taken and expose a situation that has long needed correction. Several of your recommendations will be of distinct benefit to CIA in the performance of its mission. Namely:

a. That emphasis should be placed on U. S. strategic interests in foreign economic reporting.

b. That CIA "spot" requests go directly to an office of Foreign Reporting Services.

c. That other agencies such as CIA would be encouraged to assign qualified specialists to reporting jobs in the Foreign Service.

d. That State should create an active collection control mechanism to direct collection rather than passively administer the system as in the past.

2. There are still two points pertaining to your draft which CIA will want to make. These are:

a. That CIA should have final authority to establish priorities for those critical requirements relating to National Security. It is believed that this responsibility placed on CIA by the National Security Act of 1947 is inescapable. A system of priorities could be arranged which would clearly delineate those requirements which CIA regarded as critical and would permit all other intelligence requirements to be

~~CONFIDENTIAL~~

- 2 -

fitted into proper perspective with those requirements of the other government departments and agencies not concerned with national security. Adequate machinery exists in the ISC and the IAC to prevent abuse of this system.

b. CIA should participate in establishing the substantive policies by which the Office of Foreign Reporting Services executes its responsibilities. The mere expression of the priority of requirements is not adequate assurance that properly trained personnel will be selected and assigned in sufficient numbers to fulfill the requirements. It is believed that CIA should:

- (1) Be represented on the Board of the Foreign Service by the Director of CIA or his Deputy.
- (2) Assign a liaison officer to the Office of Foreign Reporting Services in order to maintain close and direct liaison.

3. It is believed that your report should reflect these points in its recommendation. There is attached a re-draft of the proposed executive order incorporating certain changes which more appropriately reflects CIA's coordinating responsibilities with respect to requirements for the collection of foreign information. It is understood that the report will be transmitted to CIA for formal concurrence prior to promulgation. The opportunity to study your draft in advance of the formal transmittal of the report to CIA is appreciated.

25X1A

